

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E0120040345-01

COPY

TO: Department of Enforcement
NASD

RECEIVED
DEC - 6 2005

RE: James R. Parker, Respondent
CRD No. 356630

NASD, INC.

Pursuant to Rule 9216 of NASD Code of Procedure, I [or Respondent] submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against me alleging violations based on the same factual findings.

I understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

I entered the securities industry in January 1969 as a registered representative of a member of NASD. I am currently associated with an NASD member as a registered representative. I have not previously been the subject of disciplinary action by the Securities and Exchange Commission, NASD or a state securities regulatory agency.

I.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudice of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

II.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, prior to a hearing and without an

adjudication of any issue of law or fact, to the entry of the following findings by NASD:

During the period from approximately October 1, 2003 through approximately December 31, 2004, Respondent distributed, or caused to be distributed, to potential investors in an investment offered by his employer-member three items of sales literature that did not conform to the applicable standards for communications with the public set forth in NASD Conduct Rule 2210, as described below.

- the materials focused exclusively on the potential benefits of the investment, without disclosing the risks, such as real estate risks generally, the lack of liquidity of the investment, and the fact that returns were not guaranteed, which was an omission of material information that violated Rule 2210(d)(1)(A);
- one item of sales literature stated that the was not an investment in the stock market subject to stock market risks and volatility, but did not disclose applicable risks, as described above, information necessary for a proper evaluation of the assertion that stock market risks did not apply, in violation of Rule 2210(d)(1)(A);
- the claim in an item of sales literature that Respondent's employer was "now recognized as one of the premier mortgage brokers and developers in the United States" was an exaggeration, in violation of Rule 2210(d)(1)(B);
- one item of sales literature stated "LIQUIDITY is important!", thus implying that the investment was liquid; however, there was no public trading market for the investment, which limited liquidity and caused this implication to be inaccurate and misleading, in violation of Rule 2210(d)(1)(B);
- the materials claim that "Real Estate has created more wealth than any other investment medium," a claim that should have been, but was not, substantiated within the communication, in violation of Rule 2210(d)(1)(B);
- the materials refer to "sleeping easier at night" in the context of an investment in the Fund, a representation that was improper because it minimized the risk of an investment in the Fund, in violation of Rule 2210(d)(1)(B);
- one portion of an item of sales literature refers to "[m]onthly compounding at double digit rates," a promissory reference that fails to reflect the inherent uncertainty of investment returns, in violation of Rule 2210(d)(1)(B); and
- the materials compare the investment with investments in bank deposits, CDs, Treasury Bills and annuities on the basis of yield alone, highlighting "YIELD – 9% to 11% versus 1% to 3% - A SUBSTANTIAL DIFFERENCE," a comparison that is improperly oversimplified and fails to disclose the material differences between the investments, such as risks, guarantees, costs and expenses, liquidity, and FDIC insurance, that are necessary for an investor to make a meaningful evaluation of the comparison, in violation of Rule 2210(d)(2)(B).

By distributing sales literature that did not meet the standards of Rule 2210 as described above, Respondent violated Conduct Rules 2110 and 2210.

- B. I also consent to the imposition, at a maximum, of the following sanctions:

A suspension from association with any member of NASD in any capacity for a period of one calendar month.

Respondent has asserted an inability to pay and has submitted a sworn financial statement. In light of the financial status of Respondent, no monetary sanctions have been imposed.

The sanction imposed herein shall be effective on a date set by NASD staff.

III.

OTHER MATTERS

- A. I understand that I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.
- B. I have raised the issue of my inability to pay and understand that my assertion of inability to pay has been considered in connection with the determination not to impose monetary sanctions in this matter.
- C. I understand that if I am suspended from associating with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended, during the period of the suspension. Accordingly, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the suspension. (See NASD Rule 8310 and IM-8310-1.)

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

December 2, 2005
Date

James R. Parker
James R. Parker, Respondent

Accepted by NASD:

02-03-06
Date

Signed on behalf of the
Director of ODA, by delegated authority

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